



ND Retirement and Investment Office

*Teachers' Fund for Retirement
State Investment Board*

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A Message to TFFR Members

From Fay Kopp, NDRIO Deputy Director and TFFR Chief Retirement Officer

TFFR Benefits Safe Despite Volatile Markets

Over the past month, the financial markets have shown dramatic volatility, leading to increased concerns over the U.S. economy in general, and, for some of our members, the impact on the ND Teachers' Fund for Retirement (TFFR).

The ND State Investment Board (SIB) is responsible for investing several pension funds, including TFFR. The SIB is charged with the prudent investment management of the assets in these plans. Like all investors and public pension programs, TFFR has been affected by the significant downturn in the markets. However, TFFR investments are well-diversified in a strategic asset allocation mix that includes U.S. and international stocks, bonds, private equity, and real estate. This mix helps to moderate the effects that one particular investment or one particular company may have on investment performance.

A very natural reaction to what is currently happening in the financial markets is to be concerned about the security of your TFFR retirement benefits. It is in recognition of times like these that defined benefit plans like TFFR were originally designed. Due to their ability to spread risk across a large population of participants and average out investment returns over multi-year time periods, these types of pension plans are able to sustain themselves through times of market volatility. Your TFFR plan is a long-term investor, and is supported by a professionally managed, well-diversified portfolio. Your TFFR benefits are safe, guaranteed, and not tied to an individual account balance that may go up or down.

Funds used to pay retiree pension benefits come into the TFFR system through member and employer contributions, and from investment earnings. While the market value of the TFFR fund may fluctuate, as do the markets in general, TFFR can continue paying benefits for many years into the future to meet our pension obligations.

To summarize:

- The TFFR pension system remains sound amid the current market downturn.
- Our members defined retirement benefits are guaranteed by law and remain secure, unthreatened by market swings.
- We will withstand current market fluctuations with our highly diversified portfolio, and by keeping focused on long-term investments.
- We are monitoring the markets very closely, and are navigating this financial crisis as we've done with others.

Please know we are doing everything possible to protect the retirement security of current and future TFFR members and we will remain vigilant in the uncertain times ahead.